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C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 000501

SIPDIS

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E.O. 12958: DECL: 04/08/2014
TAGS: PREL ECON PGOV BM CH ASSK
SUBJECT: BURMA: CHINESE VISIT A "BIG EVENT" FOR PRC-SPDC
RELATIONS

REF: A. BEIJING 5802

1B. RANGOON 417
1C. RANGOON 232

Classified By: COM CARMEN MARTINEZ FOR REASONS 1.4 (B,D)

11. (C) Summary: The Chinese ambassador to Burma characterized the recent visit by Vice Premier Wu Yi as a "big event" for bilateral relations, noting 21 agreements had been signed and commenting that China had selected areas of cooperation that would be of import not only to the current regime but to any future Burmese government. Ambassador Li stated his view that ASSK would be released prior to May 17th and that recent movement on the National Convention demonstrated a compromise had been reached between the government and the NLD. Li had a positive view of the Bangkok Process and urged that all international participants behave (read: be non-confrontational) so that this window on Burma would remain open. End Summary.

Outcome of Vice Premier Visit: Agreements and MOU's

12. (C) During a April 6 meeting between COM and the Chinese ambassador to Burma, Li Jinjun, Ambassador Li provided an overview of Vice Premier Wu Yi's March visit (refs A and B), describing it as a "big event" for bilateral relations. Noting that trade between Burma and China has been developing smoothly, Ambassador Li said the purpose of the recent visit was to explore and deepen bilateral cooperation in five mutually agreed upon spheres: agriculture, infrastructure, natural resources, manufacturing, and human resource development. In addition, China offered to provide increased funding via development assistance, preferential loans, and export credits. Ambassador Li commented that China had selected areas that would be of import not only to the current regime but to any future Burmese government. While noting that 21 agreements had been signed, Li did not mention an accord to reschedule around \$120 million in unpaid Burmese debt to Chinese firms (ref B).

13. (C) Ambassador Li acknowledged that formal bilateral trade heavily favors China and that China is making efforts to improve the trade balance by helping Burma to export its natural resources. When asked by COM whether Wu Yi had used her meetings with regime leaders Than Shwe, Maung Aye, and Khin Nyunt to initiate discussion on the need for significant economic and financial reforms, Ambassador Li explained that it would not have been appropriate for her to do so because such topics are considered sensitive by the current regime and, in any event, China does not interfere in the internal affairs of sovereign nations. Ambassador Li conceded, however, that the speed of reform depends on the current leaders and that if they don't "open their minds," it doesn't matter how fast China is willing to move forward on assisting with economic reform. (Note: In 2003, senior GOB leaders elected to completely ignore a comprehensive economic reform framework compiled at great expense by the Japanese government. End Note.)

The National Convention and the Bangkok Process

14. (C) Ambassador Li blithely offered that the release of Aung San Suu Kyi was not a problem and that the SPDC and NLD merely needed to "agree on timing," later stating that ASSK definitely would be released prior to the start of the National Convention on 17 May. He also said that SPDC Chairman Than Shwe had told Wu Yi that the military government did not intend to "stay on stage" forever and wanted to hand over power to an "appropriate" group. Ambassador Li assessed that recent efforts such as the Bangkok Process and the announcement of the date for reconvening the National Convention demonstrated the government's increased confidence. Ambassador Li said that the announcement strongly indicated that a compromise must have been reached between the government and the NLD.

15. (C) When pressed by COM on whether Vice Premier Wu Yi had raised the National Convention process, Ambassador Li reaffirmed that China does not interfere in this type of

internal affair and said that "the details were not important." Without any trace of irony, Ambassador Li then explained that the key issue in regard to the National Convention was creating a cooperative atmosphere. COM urged the PRC, given its significant influence in Burma, to tell the GOB that the road map process had to be inclusive, as the GOB was likely to take such advice to heart. Demurring on this point, Ambassador Li agreed, however, that the process of a transition to democracy needed to be inclusive and that the NLD had to be involved.

16. (SBU) Ambassador Li opined that the Bangkok Process was valuable because it provided the international community with a window into the current situation in Burma and the Burmese government with a view of the "real attitude" of the international community. As a result, the international community must not make any mistakes that would result in the Burmese government closing this window and should strive to make positive remarks so that the Burmese government will continue to move forward. In an aside, Ambassador Li commented, again without irony, that perhaps the best approach to take with the current regime is to treat it in the same way one would treat a child, e.g., encourage good behavior with appropriate rewards. COM countered that pressure was necessary and that the GOB would not have taken any steps had pressure not been exerted.

17. (C) Comment: China continues to increase its economic investment in Burma while maintaining its hands-off approach on internal political issues, as evidenced by Ambassador's Li's continued reluctance to meet with opposition figures, despite approaches by the NLD (ref C). Ambassador's Li's recognition that a cooperative, trusting atmosphere is a necessary prerequisite for eventual democratic transition notwithstanding, he appears to have little interest in playing a role or even advocating concrete measures to achieve this aim. Quite the contrary, China's continued diplomatic and economic support for the current regime helps immunize it to U.S. and international pressure. End comment.
Martinez